

COLOMBIA

SECTOR:	Energy
PROJECT NAME:	Electric Power Sector Program (1159/OC-CO)
TOTAL COST:	\$350 million
FINANCING: IDB	\$350 million
DATE OF APPROVAL:	December 16, 1998
GENERAL DESCRIPTION:	<p>The program aims to increase efficiency in the electricity sector by: (a) increasing the sector's financial sustainability; (b) consolidating the regulatory function within the sector; (c) defining a rural energy policy; (d) establishing an institutional and regulatory system within the electric power sector to protect the environment; and (e) facilitating private-sector involvement in the electric distribution business. This fast-disbursing program has two components: (a) policy-related, regulatory and institutional measures; and (b) measures to involve the private sector in electricity distribution.</p> <p>For the first component, energy-assistance funds will be established in both the gas and electric power subsectors. Sector regulation will be achieved through measures that consolidate the independence and soundness of the Energy and Gas Regulatory Commission (CREG). Funds will also support a rural energy policy and the establishment of an institutional system in environmental matters.</p> <p>The second component seeks to involve the private sector in 19 of the 21 national distribution companies and eliminate the vertical structure of these companies in order to promote competition and mitigate possible monopolistic practices. Private-sector involvement includes: (a) the sale of assets to private parties; (b) privatization; and (c) concessions or contracts with private parties for full management of a company.</p>
GOODS AND EQUIPMENT:	Program funds will finance the cost in freight (CIF) of imports. Because this is a fast-disbursing loan, no procurement of consulting services or goods is included.
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